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MONTANA

Industrial Horizons

STATE PLANNING BOARD

JAN.-FEB., 1963

Biennial Report

Review of Economic Developments

Preparation of its fourth biennial "Report of Activities" since reactivation in 1955 has just been completed by the State Planning Board. The report covers the period from January, 1961 to December, 1962. Since copies of the report are not for general distribution, excerpts from the text are presented here for the information of those people who are interested in the activities of the State Planning Board and the economic development of Montana.

Montana, her economy, and her people are in a state of transition at an accelerated rate. The attitude of preserving the "status quo" is giving way to a general recognition of the need for growth and the desirability of new economic developments. There is an awareness of the necessity for replacing the obsolescence which continually occurs within our economy. Consistent with this feeling, the activities of the State Planning Board have become broadened in scope and a more aggressive and concerted effort is being made in the field of economic development.

The fundamental operations of the Board are divided into 5 broad fields: (1) economic development; (2) city-county planning (Federal "701" program); (3) Small Business Administration research grants; (4) Area Redevelopment Act; and (5) sundry programs.

Since the true measure of accomplishment of the State Planning Board is the social and economic well being of Montana's citizens, it is most encouraging to report these facts:

- In 1962 we have had starts of new and expanded plant facilities with more dollars invested than in any year on record.

- 1962 set a record for more people employed than at any time since the Unemployment Compensation Commission began operation.

- From 1959 to 1961, our total personal income increased by \$51 million, or at a rate of 4 per cent.

Population

Not only can Montana feel optimistic about its economic growth, but our changes in population indicate we have fared very well in comparison to our sister states in this region. (See Table 1).

Although Montana's net migration was good in relation to the Upper Midwest Region as a whole, it is important to mention that the largest percentage loss occurred in the 20-24 year age group.

This is nearly 20 per cent of our total out-migration during the 1950-60 decade and this is the group which includes our educated young people.

Employment

Consistent with any dynamic economy, there are constant changes in the makeup of our labor force. Although there are adjustments in various categories, the nonagricultural employment picture in Montana shows continual expansion. A breakdown of the U. S. Bureau of Labor Statistics (See Table 2) shows what has occurred during the last decade as Montana has changed from a traditional cattle, wheat, and mining state more in the direction of a modern industrial economy.

Income

Since agriculture and mining are such an important part of our economic picture, the changes which are occurring in these industries necessarily affect the over-all income figures of the state. Nevertheless, we have accomplished

steady increases in both total income and per capita income during the past decade (see Table 3). Although the table shows a change in our relative position income-wise with other states, it is felt this is largely due to the transition in agriculture and mining. Figures later than 1960 will undoubtedly reflect the tremendous expansion in plant and equipment which occurred during the period since, with resulting increases in employment and income. These investments ranged from new ventures in electronics, wood chemicals, and cement to substantial expansions of existing wood and mineral-producing facilities. (See Table 4).

While dollars spent in job-creating investment during the past decade has been fairly consistent in Montana at approximately \$20 million annually, it will be considerably larger than this amount from 1960 through 1962.

Development Program

Early in 1961 the State Planning Board initiated a program to pursue economic development possibilities which could bring the most immediate benefits to the people of Montana. Being conscious of the very competitive situation which exists among agencies seeking development, the Board studied and devised a program aimed at specific potentials in four broad categories: timber, agriculture, minerals and manufacturing.

- **Timber**—In recent years the timber industry has shown the fastest growth rate of any segment of our economy.

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Table 1
POPULATION: UPPER MIDWEST 1950-1960
(in thousands of persons)

	Upper Midwest	Mont.	N. Dak.	S. Dak.	Minn.	N.W. Wis.	Upper Mich.
Total 1950	5,746	598	616	652	2,995	583	302
Plus:							
Births 50-60	1,551	170	170	180	824	137	70
Minus:							
Deaths 50-60	616	62	54	58	351	60	31
Plus:							
Net Migration 50-60	-392	-32	-99	-93	-53	-80	-35
Equals:	—	—	—	—	—	—	—
Total 1960*	6,288	674	632	681	3,414	581	306

*1960 population may differ slightly from column sums due to rounding.

Source: Upper Midwest Economic Study, Paper No. 4.

REVIEW OF DEVELOPMENTS

(Continued from page 1)

Since the initial breakthrough in the timber products field by the establishment of the Waldorf-Hoerner pulp mill at Missoula in 1957, changes have occurred in lumber products at an accelerated rate.

Not only are we viewing expansion in established products, but research has opened a complete new horizon for the wood-chemical industry. Perhaps the most glamorous, and a plant unique to the United States, is St. Regis Paper Company's arabinogalactan plant at Libby—the first domestic source of highly soluble industrial gum competitive with gum arabic, made from butt ends of larch logs. Already consideration is being given to a full scale STRactan plant which would have a minimum annual production of 4 million pounds. This is a modest share of the potential market, since American industries alone use more than a billion pounds annually of industrial gum.

• **Agriculture**—Being largely an extractive state, we recognize as a basic premise that we must incorporate more Montana labor into our raw material before it is exported from the state. Nowhere is this opportunity greater than in the field of agriculture processing.

There is a great potential for an expanded meat packing and feedlot industry which would make it possible to feed more Montana grain to our cattle, and ship more processed meat to markets rather than range cattle and grain.

In mid-1962, Needham Packing Co. of Sioux Falls, South Dakota, expanded into Montana with the purchase of the Montana Packing Co. in Great Falls and has announced its modernization program will increase production from a daily slaughter of 35 animals to 200.

Further utilization of our raw material and an important key to our feedlot industry is the Sunburst Biochemical Works under construction at Conrad. This new operation will convert starch and protein rich barley into syrups, protein feed supplements, sugar, yeast, and other products for human consumption and industrial use.

A new "Wheatnuts" plant at Circle will process wheat into a delicious product competitive with salted peanuts.

• **Minerals**—Expansion in the mineral industry was topped by the \$30 million investment by the Anaconda Company in the concentrator presently under construction at Butte. In addition, many more millions are being invested in new equipment and modernization of copper mines at "the richest hill on earth."

A very significant increase in development of Montana's phosphate rock is in process with a new expansion by Rocky Mountain Phosphate Co. at Garrison and the Montana Phosphate Co.'s new mine and mill at Hall.

Other new developments in minerals include the Sierra Talc Co.'s talc refining plant at Three Forks completed in 1961, the new Permanente cement plant

Table 2
WAGE AND SALARY WORKERS IN NONAGRICULTURAL INDUSTRIES
By Major Industrial Group

	1950	1955	1960	1961 (July)	1962 (July)
All Nonagricultural Industries	149,000	162,100	166,700	175,200	177,300
Manufacturing	18,000	20,400	20,200	21,200	21,900
Mining	10,200	12,000	7,300	7,100	7,300
Contract Construction	10,500	10,400	11,400	14,700	15,200
Transportation & Utilities	21,900	21,700	19,000	19,300	19,100
Finance, Ins. & Real Estate	4,100	5,600	6,800	6,900	6,800
Trade	36,700	39,900	40,600	41,000	41,100
Services & Miscellaneous	19,300	21,200	22,800	24,600	24,800
Government	28,300	30,900	38,600	40,400	41,100

Source: Montana Unemployment Compensation Commission.

Table 3
TOTAL PERSONAL INCOME AND PER CAPITA INCOME
1950 to 1960

Year	Total Income (\$ millions)	Per Capita (dollars)	Income Rank Among States
1960	1,368	2,018	28
1959	1,319	1,978	28
1958	1,338	2,015	21
1957	1,280	1,934	23
1956	1,229	1,902	22
1955	1,158	1,862	18
1954	1,071	1,747	21
1953	1,093	1,798	20
1952	1,066	1,786	20
1951	1,050	1,771	16
1950	957	1,600	16

Source: U. S. Department of Commerce.

at Montana City, and the Big Horn Limestone Co. limestone plant at Warren.

The importance of the petroleum industry to the economy of Montana is manifested by a 1961 value of \$78,657,000 for oil and gas production and estimated employees of 5,600. The State Planning Board is very optimistic over the future of this growing segment of our economy and will be supporting its further development, particularly encouraging the industry towards further expansions in the petro-chemical field. Present studies indicate the economics for the production of ammonia would be feasible in approximately 1964.

Agency for Federal Projects

The State Planning Board is charged with the administration of three federal projects: Area Redevelopment, Small Business Administration research grants, and the HHFA "701" city planning program.

ARA—In 1961 Congress enacted the Area Redevelopment Act, and the Governor charged the State Planning Board with certain responsibilities for the administration of this program in Montana. In order to qualify for benefits, an area must be designated as having a substantial and persistent unemployment record under the terms of ARA and submit for approval an Overall Economic Development Plan. Although the immediate accomplishments of this act have not been substantial, it is felt that one of the greatest results is the requirement of group action in viewing local economic problems and potentials with a long-

range plan for development.

SBA Research Grants—A cooperative plan was adopted between the State Planning Board, the Small Business Administration, and various units of the University of Montana whereby the State Planning Board became the recipient of \$40,000 in each of the years 1959 and 1960 for the purpose of conducting research into the problems of small business. Research is carried on by the Montana State University, Montana State College, Montana School of Mines, and Northern Montana College, with the State Planning Board responsible for administration and accounting on all projects. One report has been published, "Marketing Problems of Small Business Enterprises Engaged in Lead and Zinc Mining," which was done by the Bureau of Mines and Geology at Montana School of Mines, and the others are in various stages of completion.

"701" City Planning Program—Forward-looking Montana communities desire to carefully plan for their future growth and economic development. Such planning is accomplished by the preparation of master plans for the communities and their immediate environs incorporating studies of past and present trends in land use, population, business, resources, schools, streets, sewers, parks, playgrounds, etc. These trends are then projected into intelligent plans for each community's future growth and economic development.

Communities can finance such comprehensive plans by paying one-third of the
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REVIEW OF DEVELOPMENTS

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total cost (one-fourth in the case of Urban Redevelopment Areas) and the federal government will provide the balance in the form of grants. Cities under 50,000 population are required to apply for such grants through the State Plan-

ning Board, and the Board is responsible for the administration and accounting on each project. Communities with city planning programs are: Billings, Bozeman, Butte, Columbia Falls, Great Falls, Havre, Helena, Kalispell, Livingston and Missoula.

Table 4
NEW PLANTS AND EXPANSIONS DURING 1961-62

Company	Location	Facility	Investment	Comp.	Est. Comp.
Northern Timber Co.	Deer Lodge	Sawmill	N. A.	1962	
Anaconda Co.	Bonner	Sawmill & Planer			1962
J. Neils Lumber Co.	Libby	Plywood	4,000,000	1962	
J. Neils Lumber Co.	Libby	Arabinogalactan	300,000	1962	
Van-Evan Co.	Missoula	Plywood Expansion	N.A.	1961	
Mont. Forest Products	Philipsburg	Sawmill	1,500,000	1961	
Cascade Plywood	Polson	Various	750,000	1961	
Forest Service Lab.	Bozeman	Lodgepole Research	175,000		1963
Anaconda Co.	Butte	Concentrator	30,000,000		1964
Multi-Minerals	Chinook	Mixed Fertilizer	100,000	1962	
Permanente Cement Co.	Mont. City	Cement	9,600,000		1963
Sunburst Biochemical	Conrad	Barley Molasses	100,000		1963
Weaver Construction	Warren	Limestone	250,000	1962	
Rocky Mt. Phosphates	Garrison	Phosphate	300,000		1963
Beatrice Foods	Billings	Food Processing	250,000	1962	
Needham Packing Co.	Great Falls	Meat Packing	135,000	1962	
Waldorf-Hoerner	Missoula	Mill Residue Burner	750,000		1963
Glacier Pipeline Co.	Cut Bank to Byron Wyo.	Crude Oil Pipeline	13,500,000	1962	
Phillips Petroleum Co.	Great Falls	Catalytic Cracking Unit	N. A.	1962	
Ideal Cement Co.	Trident	Storage Silos	N. A.		1963
Mont. Phosphate Co.	Hall	Phosphate Mine & Mill	\$6,000,000		1964

Mining, Employee Training Reports Published

Two research reports, prepared under the Small Business Administration research grant program, have been completed by participating institutions in Montana.

"Marketing Problems of Small Business Enterprises Engaged in Lead and Zinc Mining," prepared by Montana Bureau of Mines and Geology, examines mineral assemblages in different lead-zinc ores throughout Montana and investigates the economic factors involved in marketing and shipping these ores to mills or smelters. It presents in detail the results of an examination of ores in 72 mines and a marketing analysis for each of the districts in which these mines are located. The research study was directed by Uno M. Sahinen, associate director of the Bureau, assisted by Frank A. Crowley and Francis M. Young. Copies are available for \$1.25 from Montana Bureau of Mines and Geology, Butte, Montana.

"An Investigation of the Training Requirements of Small Business with Regard to the Educational Needs of Prospective Employees," prepared by North-

ern Montana College, undertakes to measure the employee training levels of the small business labor force in Montana and to estimate the employee-training requirements of the next few years. Results of the survey indicate that the heaviest shortages of labor are in the types of firms that use a high percentage of technicians; expansion of educational facilities to meet demands for technical workers of many types appears imperative. Earl V. Weiser, director of public information and research at NMC, conducted the study, assisted by Joseph L. Sohm. A limited number of copies of the report are available from Northern Montana College, Havre, Montana, for \$2.00.

There are ten such studies being carried out by Montana State University. Montana State College and Montana School of Mines under two \$40,000 grants awarded to the State Planning Board by the Small Business Administration for research into the problems of small business.

In the News . . .

Montana Stone, Inc., of Great Falls, has opened an outlet in Helena to serve the western Montana district with their several lines of brick, tile, and stone, and other outlets are planned. Montana Stone has stone quarries at Monarch, Neihart, Lewistown and Wolf Creek.

* * * *

Glacier National Park had the biggest travel year in its history with 966,000 visitors during 1962. This is an increase of 31 per cent over last year.

A survey made during a week in August showed all states and Canadian provinces had cars in Glacier during that week; 22 per cent came from the Great Lakes states, 17 per cent from Pacific Coast states, and 15 per cent from the Midwest.

* * * *

The U. S. Forest Service Northern Region office at Missoula reports that **winter sports recreation visits** to National forests of the Northern region (eastern Washington, northern Idaho and Montana) **increase approximately 25 per cent** every year, from 45,000 visits in 1951 to approximately 300,000 visits in 1962. Ski lift and tow capacities of the sports areas in the Region have doubled in the past four years.

* * * *

Van-Evan Co.'s plywood plant in **Missoula** is expanding to increase production by 25 per cent, with about 50 employees to be added to the present working force of 250. Principal item in the \$325,000 expansion program is installation of a third huge dryer for the thin wood sheets from which the plywood is made, which will enable increases in production from the present 9,000,000 bd. ft. per month to around 11,250,000 bd. ft., figured on the basis of 3/8-in. plywood.

* * * *

An agreement has been entered into by St. Regis Paper Co. and Stein, Hall & Co., Inc., for the development, production and sale of a unique natural gum now being produced in **Libby** by the **J. Neils Lumber Division** of St. Regis under the trade name of STRactan. Stein, Hall, a leader in the natural gum field, will be the exclusive marketing organization for the product. The firm operates throughout the United States and in Canada, South Africa, the Netherlands, India, Thailand and Switzerland.

It is hoped that the new colloid made from arabinogalactan extracted from western larch will open a wide variety of new industrial markets and applications because of its basic difference from all other colloids.

Preliminary Report

1962 Value of Minerals

Mineral production in Montana was valued at \$184.8 million in 1962, according to a preliminary annual report of the U. S. Bureau of Mines. This was an increase of \$1.4 million over 1961. Crude petroleum and copper represented 72 per cent of the total.

Petroleum continued in first place as the state's most valuable mineral and represented 41 per cent of the total value. Estimated recovery of crude oil reached 31.7 million barrels with a total value of \$76.7 million, compared with 30.9 million barrels valued at \$74.8 million in 1961.

The marketed production of natural gas rose to 34.1 billion cubic feet with a value of \$2.6 million in 1962 from 33.9 billion cubic feet valued at \$2.5 million in 1961.

Pine and Cabin Creek oil fields in eastern Montana ranked first and second, respectively, as sources of crude oil. Cut Bank (including Reagan) in northern Montana was the principal gas field.

The 1962 copper output of 91,839 tons, valued at \$56,940,000, was 12 per cent below the 1961 production. The reduction occurred because of the strike-idd Berkeley Pit operation from July 16 to September 21, resulting in an output loss equivalent to an estimated 12,000 tons of refined copper.

Zinc production gained by \$6.6 million over 1961. The 1962 output of 38,830 tons was the largest since 1957. The increase was attributed to the start of production from the Anaconda Company's Elm Orlu-Black Rock block-caving project. Trout Mining Company, second largest zinc producer in the state, produced 1,229 tons in 1962.

Silver production reached the highest level since 1957. Due to the increased price, value of production climbed 46 percent (\$1,480,000) compared with a quantity rise of 26 per cent (909,000 oz.) over 1961.

The Anaconda Aluminum Company operated its Columbia Falls primary aluminum plant at capacity (approximately 65,000 tons annually) for the first full year of capacity production since operations began in 1955.

Increased production was recorded for lead and manganese, while tungsten, iron ore, uranium, and gold production decreased. There was no chromite produced in the state for the first time since 1952.

In the principal nonmetal industries, annual values for cement, phosphate rock, and vermiculite increased, while the totals for lime, sand and gravel, and stone decreased, according to the Bureau of Mines preliminary report.

City-County Planning and Zoning Bills Introduced

Two bills affecting city-county planning and zoning have been introduced in the 1963 session of the legislature.

H. B. 302, introduced by Lucas, Haines and McNamer, is entitled: "An act to clarify the advisory functions and jurisdiction of city planning boards and city-county planning boards under provisions of Title II, Chapter 38, R.C.M. 1947. . ."

H. B. 262, introduced by Lucas and Haines, is entitled: "An act to enable boards of county commissioners to designate zoning districts in certain areas lying outside the corporate limits of cities and towns, and to adopt zoning regulations for these zoning districts, and to create zoning commissions and zoning boards of adjustment for these districts, and repealing sections 11-2710, 11-3852, and 11,3854, R.C.M. 1947, and all acts and parts of acts in conflict herewith."

The legislation was prepared by attorneys Tom Joyce of Butte, Roy Morledge of Billings, and Dr. Ellis Waldron of the Department of Political Science at Montana State University. The three were engaged by the State Planning Board and various cities in Montana which are vitally interested in revising planning legislation to make it legally acceptable to the courts.

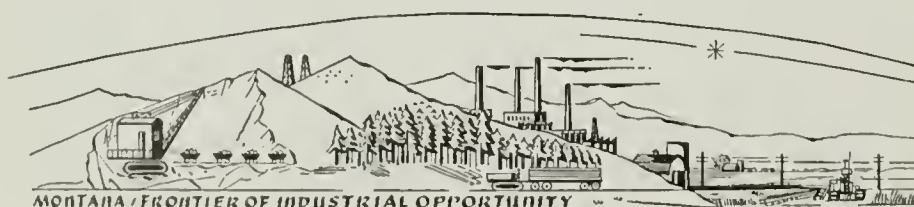
Revision of existing city-county planning statutes is designed to specify the purely advisory role of planning boards and to clarify the legality of joint city-county planning efforts.

The new legislation is purely permissive and subject to local option. It would immediately benefit the dozen or more communities which have invested substantial money and effort in preparing comprehensive plans for their future growth and economic development.

H. B. 302 has been assigned to the House Committee on Townships and Counties and H. B. 262 to the Affairs of Cities Committee.

With the Planning Board

Members of the State Planning Board and the SPB Advisory Council met in Helena in December with representatives from Montana State University, Montana State College, and Montana School of Mines, to hear reports on research being carried on at those institutions. Assemblies of this type may become a periodic event, since all of the participants were enthusiastic about the opportunity to exchange such information. Future meetings will probably include industries in the state which have a research department. The products and processes developed by these schools and firms could mean new industries in the state.



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